

EXHIBIT M

YEAR-BY-YEAR REVENUE REQUIREMENTS AND PROJECTED RATE IMPACT OF INVESTMENT

**Combined Application of South Carolina Electric & Gas Company for a
Certificate of Environmental Compatibility and Public Convenience and
Necessity and for a Base Load Review Order
Public Service Commission Docket No. 2008-196-E**

1. INTRODUCTION

Exhibit M provides the year-by-year revenue requirements associated with SCE&G's investment in V. C. Summer Nuclear Station ("VCSNS") Units 2 & 3. **Exhibit M, Chart B**, provides the projected rate impact associated with the Units.

2. YEAR-BY-YEAR REVENUE REQUIREMENTS

Chart A of **Exhibit M** provides the year-by-year revenue requirements associated with the amount of Construction Work in Progress (CWIP) and of VCSNS Units 2 & 3 as set forth in **Exhibit F** to this Application and the in-service expenses set forth on **Exhibit O** to this Application. As required by the Base Load Review Act, the revenue requirements set forth on this **Exhibit M, Chart A** have been calculated using the weighted average cost of capital set forth on **Exhibit L** to this Application.

The outstanding CWIP balance and associated revenue requirement provided in **Exhibit M, Chart A** is measured as of June 30th of each year during the construction of VCSNS Units 2 & 3. The filing date of future revised rates proceedings, the designated date for measuring CWIP to be considered in each proceeding, the amount of capital actually expended by each designated date, and other factors may vary, and as a result, the timing and amount of CWIP reflected in future revised rates adjustments may vary.

3. PROJECTED RATE IMPACT OF INVESTMENT

Also attached to this **Exhibit M** is **Chart B** which provides an estimate of the future impacts of the CWIP and in-service expenses associated with VCSNS Units 2 & 3 on SCE&G's retail electric rates. To isolate the impact of the investment in VCSNS Units 2 & 3 from other factors, the current retail fuel factor is assumed to remain constant, as are the margin revenues generated per billing unit by retail electric base rates. However, projected growth in retail customers' demand and energy sales and the benefit of additional nuclear generator or fuel costs where VCSNS Units 2 & 3 connection line are reflected in the analysis. The projections in this **Exhibit M, Chart B**, also include the effects of estimated Federal Production Tax Credits. As

indicated in the notes to **Exhibit O, Chart A**, the Company intends at a future date to seek Commission approval to pass any available Federal Production Tax Credits through to customers by means of credits to electric fuel cost expenses.

Many of the factors related to this analysis and to future rate increases are subject to change over time. Those factors include the amount and timing of CWIP expenses and in-service expenses; the timing of revised rates filings; the amount of AFUDC included in capital costs; the rates of growth in demand and energy sales on SCE&G's system; the amount and timing of future base rate increases; changes in fuel costs and generation mix; changes in the cost of debt, cost of equity and capital structure that make up the weighted average cost of capital; and other factors. As a result, the actual rate increases associated with investment and operation of VCSNS Units 2 & 3 may vary from those reflected on **Chart B** of **Exhibit M**.

EXHIBIT M, Chart A

Schedule of Year by Year Revenue RequirementsCombined Application of South Carolina Electric & Gas Company for a
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(Thousands of \$)

Nuclear Construction	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Totals
<i>Construction Work in Process in Rates</i>	\$ 71,848	\$ 384,570	\$ 524,227	\$ 705,797	\$ 775,704	\$ 794,209	\$ 764,233	\$ 603,063	\$ 553,098	\$ 280,400	\$ 195,851	\$ 5,653,000
<i>Cumulative</i>	\$ 71,848	\$ 456,418	\$ 980,645	\$ 1,686,442	\$ 2,462,146	\$ 3,256,355	\$ 4,020,588	\$ 4,623,651	\$ 5,176,749	\$ 5,457,149	\$ 5,653,000	
<i>Incremental Revenue Required</i>	\$ 8,986	\$ 48,098	\$ 65,565	\$ 88,274	\$ 97,017	\$ 99,332	\$ 95,583	\$ 75,425	\$ 69,176	\$ 35,070	\$ 24,495	\$ 707,021
<i>Cumulative Revenue Required</i>	\$ 8,986	\$ 57,084	\$ 122,649	\$ 210,923	\$ 307,940	\$ 407,272	\$ 502,855	\$ 578,280	\$ 647,456	\$ 682,526	\$ 707,021	

Transmission Projects	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Totals
<i>Construction Work in Process in Rates</i>	\$ -	\$ 192	\$ 203	\$ 3	\$ 845	\$ 10,010	\$ 30,475	\$ 61,679	\$ 40,785	\$ 98,345	\$ 417,839	\$ 660,376
<i>Cumulative</i>	\$ -	\$ 192	\$ 395	\$ 398	\$ 1,243	\$ 11,253	\$ 41,728	\$ 103,407	\$ 144,192	\$ 242,537	\$ 660,376	
<i>Incremental Revenue Required</i>	\$ -	\$ 24	\$ 25	\$ -	\$ 106	\$ 1,252	\$ 3,812	\$ 7,714	\$ 5,101	\$ 12,300	\$ 52,259	\$ 82,593
<i>Cumulative Revenue Required</i>	\$ -	\$ 24	\$ 49	\$ 49	\$ 155	\$ 1,407	\$ 5,219	\$ 12,933	\$ 18,034	\$ 30,334	\$ 82,593	

Total	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Totals
<i>Construction Work in Process in Rates</i>	\$ 71,848	\$ 384,762	\$ 524,430	\$ 705,800	\$ 776,549	\$ 804,219	\$ 794,708	\$ 664,742	\$ 593,883	\$ 378,745	\$ 613,690	\$ 6,313,376
<i>Cumulative</i>	\$ 71,848	\$ 456,610	\$ 981,040	\$ 1,686,840	\$ 2,463,389	\$ 3,267,608	\$ 4,062,316	\$ 4,727,058	\$ 5,320,941	\$ 5,699,686	\$ 6,313,376	
<i>Incremental Revenue Required</i>	\$ 8,986	\$ 48,122	\$ 65,590	\$ 88,274	\$ 97,123	\$ 100,584	\$ 99,395	\$ 83,139	\$ 74,277	\$ 47,370	\$ 76,754	\$ 789,614
<i>Cumulative Revenue Required</i>	\$ 8,986	\$ 57,108	\$ 122,698	\$ 210,972	\$ 308,095	\$ 408,679	\$ 508,074	\$ 591,213	\$ 665,490	\$ 712,860	\$ 789,614	

Assumptions:	
<i>Gross Weighted Average Cost of Capital</i>	12.51%
<i>Annual Base Load Review Filing</i>	May 30
<i>Annual CWIP True-Up</i>	June 30
<i>Rates Effective</i>	March 30, 2009, October 30, 2009, and annually on October 30

EXHIBIT M, Chart B

Retail Rate Impact Projections

Combined Application of South Carolina Electric & Gas Company for a Certificate of Environmental Compatibility and Public Convenience and Necessity and for a Base Load Review Order

(Millions of \$)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Retail Margin Forecast (existing rates)	\$ 1,272	\$ 1,303	\$ 1,340	\$ 1,373	\$ 1,401	\$ 1,365	\$ 1,378	\$ 1,392	\$ 1,420	\$ 1,449	\$ 1,478	\$ 1,508	\$ 1,538	\$ 1,559	
Base Retail Fuel Costs @ existing rates	\$ 575	\$ 618	\$ 633	\$ 650	\$ 665	\$ 657	\$ 665	\$ 673	\$ 686	\$ 700	\$ 714	\$ 728	\$ 743	\$ 754	
Nuclear Fuel Cost Adjustment										\$ (123)	\$ (123)	\$ (123)	\$ (255)	\$ (255)	
Production Tax Credits Applied to Fuel Costs										\$ (124)	\$ (101)	\$ (65)	\$ (98)	\$ (98)	
Net	\$ 575	\$ 618	\$ 633	\$ 650	\$ 665	\$ 657	\$ 665	\$ 673	\$ 686	\$ 452	\$ 489	\$ 540	\$ 389	\$ 401	
Total Base Revenues	\$ 1,847	\$ 1,921	\$ 1,973	\$ 2,024	\$ 2,066	\$ 2,022	\$ 2,043	\$ 2,065	\$ 2,106	\$ 1,901	\$ 1,968	\$ 2,048	\$ 1,927	\$ 1,960	
Incremental Revenue Requirements-BLRA	\$ -	\$ 9	\$ 48	\$ 66	\$ 88	\$ 97	\$ 100	\$ 100	\$ 83	\$ 298	\$ 53	\$ 71	\$ 216	\$ -	\$ 1,229
Cumulative Revenue Requirements-BLRA	\$ -	\$ 9	\$ 57	\$ 123	\$ 211	\$ 308	\$ 409	\$ 508	\$ 591	\$ 889	\$ 942	\$ 1,013	\$ 1,229	\$ 1,229	
Gross Revenue	\$ 1,847	\$ 1,930	\$ 2,030	\$ 2,146	\$ 2,277	\$ 2,330	\$ 2,452	\$ 2,573	\$ 2,697	\$ 2,790	\$ 2,910	\$ 3,061	\$ 3,156	\$ 3,189	
Retail Sales	22,150	22,764	23,300	23,958	24,476	24,200	24,482	24,784	25,268	25,778	26,298	26,822	27,356	27,774	
Total \$/KWH	\$ 0.0834	\$ 0.0848	\$ 0.0871	\$ 0.0896	\$ 0.0930	\$ 0.0963	\$ 0.1001	\$ 0.1038	\$ 0.1067	\$ 0.1082	\$ 0.1107	\$ 0.1141	\$ 0.1154	\$ 0.1148	
Annual Rate Change		0.49%	2.8%	2.8%	3.8%	3.5%	4.0%	3.7%	2.8%	1.4%	2.2%	3.1%	1.1%	-0.5%	2.49%

Incremental Revenue requirements in 2016 and 2019 include projected in-service costs

The forecasts listed here are indicative of the rate impacts that may be expected from construction and operation of VCSNS Units 2 & 3 on a stand-alone basis. These forecasts do not reflect overall rate changes during the period, which may include changes in such things as fuel costs, and base rates. In addition, actual rate impacts from the Units will vary based on such things as the actual rates of growth in customers and demand during the period, changes in SCE&G's cost of capital, changes in the amount and timing of investment in the Units, changes in in-service expenses, and other factors. Please see the introduction to the Exhibit for additional information.